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AUTHOR	Callan, Patrick M.
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ABSTRACT

Closing remarks from a conference of the Inservice Education Program/National Association of State Budget Officers are presented. It is suggested that the potential for communication problems between state higher education officers and budget officers is great. Areas in which improved communication can make a big difference include the avoidance of duplicate management information systems, and avoidance of dual or triple budget formats and submissions. The need for determining priorities and for internal budgetary reallocations in higher education was addressed at the conference. It is suggested that one of the reasons why educational policy decisions are often made by coordinating agencies and budget agencies is because of the reluctance of administrators and faculty to make these decisions. There have been cases of administrators forwarding new program proposals to the state for rejection because they did not want to say no to internal constituencies. It is suggested that institutions should show that service to people has been the major consideration in programmatic decisions. The need for each state to reexamine budgeting in the light of the incentives and disincentives that are built into the budget process was addressed at the conference. It is suggested that it is the responsibility of state higher education agencies to identify which policies are in the public interest when educational and fiscal considerations are the primary criteria. (SW)

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CLOSING REMARKS
(Conference on Financing Postsecondary Education)

PATRICK M. CALLAN

Executive Coordinator
Washington Council for Postsecondary Education

U.S. DEPARTMENT OF EDUCATION
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1860 Lincoln Street, Suite 300
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SHEEO

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At this point I'm not sure there's much left to be said. I don't think what's needed here is a summary. After all, we've been hearing the same things and participating in the same discussion. Nor do I want to fall into the trap of trying to smooth over or resolve the differences and problems which have emerged during this meeting just so that everyone can leave here reassured. What I'm going to do is offer some very subjective reflections on what I perceive to be the underlying themes of this meeting.

Our discussions have provided some grounds for optimism because they've been characterized by goodwill and a general desire on the part of both budget officers and state higher education officers to communicate more and better. On the other hand, these same discussions have revealed some problems which cannot be resolved by improved communications, particularly those having to do with the response to fiscal stringency and with the lack of shared assumptions among the participants in the policy development.

On the subject of communication, it's been my experience that about 80 percent of the differences that arise between various state agencies and institutions are due to poor communication. I've had many days when all of my time has been spent trying to untangle those sorts of situations. With respect to the relationship of the state higher education agency to the budget office, the potential for misunderstanding is enormous. Part of that arises out of the unique relationship of those two agencies. While we cooperate with

each other on many matters pertaining to development of an overall higher education policy in the state, we also must submit our budget to that agency. This, therefore, creates a potential for adversary relationships distinct from general policy discussion. Needless to say, the relationship is a sensitive one and fraught with potential hazards.

While the problems of communication are a large part of the source of conflict, there are other areas of potential tensions which relate to the substance of public policy. The brief exchange we heard yesterday on the manpower issue, while perhaps stated in extreme terms, represented very real differences. Another fundamental difference, this one perhaps relating to the relationship of institutions of higher education to the budget office and the state higher education office, is the assumption implicit in several of the papers presented that the highest priority for institutions of higher education is the maintenance of the collegial decision-making structure. I don't necessarily disagree with that priority, but collegiality is not something that a state budget or higher education agency can place a high value on operationally. The primary concern at the state level is that a decision can be made and can be adequately justified.

There are, of course, many areas in which improved communication can make a great deal of difference. These include the avoidance of duplicate management information systems, and avoidance of dual or triple budget formats and submissions.

Another major theme of this meeting has been the general agreement, regardless of differences about decision-making process, of the necessity of prioritizing and for internal budgetary reallocations in higher education. I do not share the optimism of either Mr. Bowen or Mr. Smith that institutions and systems are willing to "face the hard facts and make the hard decisions." If this is the case, it certainly has not been evident in the three western states where I have worked in the past five years. Whatever programmatic decisions have been made with respect to reallocation, retrenchment or prioritizing have been directly attributable to external pressures. In my state we've recently seen new program proposals which are terribly weak, an indication that realism has not yet set in. One must infer that many of these are forwarded to us for rejection by institutional administrators who don't want to say no to internal constituencies. In the review of graduate programs that was carried out by our agency before I arrived in Washington, there were several private, off-the-record, requests on the part of institutional officials that our agency recommend certain programs be eliminated. What this says to me is that it's difficult to conceive of how institutions and particularly faculty and others within the institutions can face the hard facts until administrators are more willing to tell them the hard facts. One of the reasons why educational policy decisions are often made by coordinating agencies and budget agencies is because of the reluctance of administrators and faculty to make these decisions. So they're passed along to a government agency which makes them. Then the institutional response is often to complain about governmental interference in the internal affairs of institutions.

Some additional responses to what we've heard here about some of the dimensions of programmatic prioritizing and reallocation: First, we heard from Senator Graham that the legislative concern is not just that money be saved or that higher education operate more efficiently, but that service to people be the paramount criterion in programmatic decisions. I believe this means that institutions must show that service rather than institutional or faculty preferences has been the major, not just a peripheral consideration, in these types of decisions. Secondly, while Mr. Smith indicated that he saw no particular benefit to students in the program review process, I would disagree. In some respects, program review is an attempt to induce institutions to put their limited resources in the places where public needs are greatest.

However decisions are made in the institutions and whatever the criteria may be, I agree with Frank Bowen that the process we're coming to is a blending of experience, judgement and analysis. One question that remains is how are the results of this process to achieve credibility with state higher education agencies, state budget offices and political decision-makers? It is not enough to say that the faculty has spoken because we are now dealing in an environment (so unlike some earlier times) where assumptions about the purpose and meaning of education, the process of education, are not widely shared. And the fact that assumptions are not shared means that the burden of proof becomes much more difficult to bear. There was, after all, a time of greater resources when it was almost enough to say that the faculty has spoken, that an academic judgement

had been rendered by professionals. But confidence in the wisdom of the academic profession is not very high at the moment.

Yesterday there was discussion of the role of the state agency in the political process, dangers of defeat, the difficulties of operating in a tough political environment without a constituency. It seems to me it's the responsibility of state higher education agencies to be realistic about the political process. Our job is to say that, insofar as educational and fiscal considerations are the primary criteria, certain policies are in the public interest and should be so presented. I think this is what should be expected of us. When other criteria are brought into the decision-making picture, as often happens in a highly charged political environment, we will not always prevail. That is the world we in the state higher education agencies have to be prepared to live in.

My final comments go back to Senator Graham's discussion of the assumptions and incentives in the budget process. I do not maintain that the budget is necessarily the sole or primary vehicle for educational reform, but I do believe, like Senator Graham, that it is essential that an intensive reexamination of budgeting take place in the light of the incentives and disincentives that are built into the budget process. This is certainly a point that was made by the Newman Reports, and there is abundant evidence, such as David Brenaman's study of the economics of PhD production at Berkeley, that we have often built into our budgeting system disincentives to accomplish the very objectives we most want. The tyranny of the budget cycle and

the tremendous amount of energy absorved makes it terribly difficult for most of us to stand back and look at these kinds of issues. But I believe at some point we're going to have to single out the issue of incentives and disincentives in budgeting for special study in each of our states.

My conclusion, then, is that we should be encouraged by the continuing goodwill and the willingness to raise the kinds of questions that have been discussed in this meeting. But we must be realistic about the magnitude of the problems, the substantive problems as well as the problems of communication that we all face. I would only say that even when we are dealing in a complex, often tense environment, even when we operate out of different assumptions, we will all function more effectively when we can put our divergent assumptions and values out in front. While a continuing and improved dialogue will not in itself provide answers and solutions, it is probably the necessary condition for developing those answers and solutions.